

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by changing
5 Sections 1-113.2, 3-111, 3-111.1, 3-112, 3-125, 4-109,
6 4-109.1, 4-114, 4-118, 5-167.1, 5-168, 6-164, 6-165, and
7 7-142.1 and by adding Sections 1-113.4a, 1-165, 5-238, and
8 6-229 as follows:

9 (40 ILCS 5/1-113.2)

10 Sec. 1-113.2. List of permitted investments for all Article
11 3 or 4 pension funds. Any pension fund established under
12 Article 3 or 4 may invest in the following items:

13 (1) Interest bearing direct obligations of the United
14 States of America.

15 (2) Interest bearing obligations to the extent that they
16 are fully guaranteed or insured as to payment of principal and
17 interest by the United States of America.

18 (3) Interest bearing bonds, notes, debentures, or other
19 similar obligations of agencies of the United States of
20 America. For the purposes of this Section, "agencies of the
21 United States of America" includes: (i) the Federal National
22 Mortgage Association and the Student Loan Marketing
23 Association; (ii) federal land banks, federal intermediate

1 credit banks, federal farm credit banks, and any other entity
2 authorized to issue direct debt obligations of the United
3 States of America under the Farm Credit Act of 1971 or
4 amendments to that Act; (iii) federal home loan banks and the
5 Federal Home Loan Mortgage Corporation; and (iv) any agency
6 created by Act of Congress that is authorized to issue direct
7 debt obligations of the United States of America.

8 (4) Interest bearing savings accounts or certificates of
9 deposit, issued by federally chartered banks or savings and
10 loan associations, to the extent that the deposits are insured
11 by agencies or instrumentalities of the federal government.

12 (5) Interest bearing savings accounts or certificates of
13 deposit, issued by State of Illinois chartered banks or savings
14 and loan associations, to the extent that the deposits are
15 insured by agencies or instrumentalities of the federal
16 government.

17 (6) Investments in credit unions, to the extent that the
18 investments are insured by agencies or instrumentalities of the
19 federal government.

20 (7) Interest bearing bonds of the State of Illinois.

21 (8) Pooled interest bearing accounts managed by the
22 Illinois Public Treasurer's Investment Pool in accordance with
23 the Deposit of State Moneys Act, ~~and~~ interest bearing funds or
24 pooled accounts of the Illinois Metropolitan Investment Funds,
25 and interest bearing funds or pooled accounts managed,
26 operated, and administered by banks, subsidiaries of banks, or

1 subsidiaries of bank holding companies in accordance with the
2 laws of the State of Illinois.

3 (9) Interest bearing bonds or tax anticipation warrants of
4 any county, township, or municipal corporation of the State of
5 Illinois.

6 (10) Direct obligations of the State of Israel, subject to
7 the conditions and limitations of item (5.1) of Section 1-113.

8 (11) Money market mutual funds managed by investment
9 companies that are registered under the federal Investment
10 Company Act of 1940 and the Illinois Securities Law of 1953 and
11 are diversified, open-ended management investment companies;
12 provided that the portfolio of the money market mutual fund is
13 limited to the following:

14 (i) bonds, notes, certificates of indebtedness,
15 treasury bills, or other securities that are guaranteed by
16 the full faith and credit of the United States of America
17 as to principal and interest;

18 (ii) bonds, notes, debentures, or other similar
19 obligations of the United States of America or its
20 agencies; and

21 (iii) short term obligations of corporations organized
22 in the United States with assets exceeding \$400,000,000,
23 provided that (A) the obligations mature no later than 180
24 days from the date of purchase, (B) at the time of
25 purchase, the obligations are rated by at least 2 standard
26 national rating services at one of their 3 highest

1 classifications, and (C) the obligations held by the mutual
2 fund do not exceed 10% of the corporation's outstanding
3 obligations.

4 (12) General accounts of life insurance companies
5 authorized to transact business in Illinois.

6 (13) Any combination of the following, not to exceed 10% of
7 the pension fund's net assets:

8 (i) separate accounts that are managed by life
9 insurance companies authorized to transact business in
10 Illinois and are comprised of diversified portfolios
11 consisting of common or preferred stocks, bonds, or money
12 market instruments;

13 (ii) separate accounts that are managed by insurance
14 companies authorized to transact business in Illinois, and
15 are comprised of real estate or loans upon real estate
16 secured by first or second mortgages; and

17 (iii) mutual funds that meet the following
18 requirements:

19 (A) the mutual fund is managed by an investment
20 company as defined and registered under the federal
21 Investment Company Act of 1940 and registered under the
22 Illinois Securities Law of 1953;

23 (B) the mutual fund has been in operation for at
24 least 5 years;

25 (C) the mutual fund has total net assets of \$250
26 million or more; and

1 (D) the mutual fund is comprised of diversified
2 portfolios of common or preferred stocks, bonds, or
3 money market instruments.

4 (14) Corporate bonds managed through an investment advisor
5 must meet all of the following requirements:

6 (1) The bonds must be rated as investment grade by one
7 of the 2 largest rating services at the time of purchase.

8 (2) If subsequently downgraded below investment grade,
9 the bonds must be liquidated from the portfolio within 90
10 days after being downgraded by the manager.

11 (Source: P.A. 90-507, eff. 8-22-97; 91-887, eff. 7-6-00.)

12 (40 ILCS 5/1-113.4a new)

13 Sec. 1-113.4a. List of additional permitted investments
14 for Article 3 and 4 pension funds with net assets of
15 \$10,000,000 or more.

16 (a) In addition to the items in Sections 1-113.2 and
17 1-113.3, a pension fund established under Article 3 or 4 that
18 has net assets of at least \$10,000,000 and has appointed an
19 investment adviser, as defined under Sections 1-101.4 and
20 1-113.5, may, through that investment adviser, invest an
21 additional portion of its assets in common and preferred stocks
22 and mutual funds.

23 (b) The stocks must meet all of the following requirements:

24 (1) The common stocks must be listed on a national
25 securities exchange or board of trade (as defined in the

1 Federal Securities Exchange Act of 1934 and set forth in
2 paragraph G of Section 3 of the Illinois Securities Law of
3 1953) or quoted in the National Association of Securities
4 Dealers Automated Quotation System National Market System.

5 (2) The securities must be of a corporation in
6 existence for at least 5 years.

7 (3) The market value of stock in any one corporation
8 may not exceed 5% of the cash and invested assets of the
9 pension fund, and the investments in the stock of any one
10 corporation may not exceed 5% of the total outstanding
11 stock of that corporation.

12 (4) The straight preferred stocks or convertible
13 preferred stocks must be issued or guaranteed by a
14 corporation whose common stock qualifies for investment by
15 the board.

16 (c) The mutual funds must meet the following requirements:

17 (1) The mutual fund must be managed by an investment
18 company registered under the Federal Investment Company
19 Act of 1940 and registered under the Illinois Securities
20 Law of 1953.

21 (2) The mutual fund must have been in operation for at
22 least 5 years.

23 (3) The mutual fund must have total net assets of
24 \$250,000,000 or more.

25 (4) The mutual fund must be comprised of a diversified
26 portfolio of common or preferred stocks, bonds, or money

1 market instruments.

2 (d) A pension fund's total investment in the items
3 authorized under this Section and Section 1-113.3 shall not
4 exceed 50% effective July 1, 2011 and 55% effective July 1,
5 2012 of the market value of the pension fund's net present
6 assets stated in its most recent annual report on file with the
7 Department of Insurance.

8 (e) A pension fund that invests funds under this Section
9 shall electronically file with the Division any reports of its
10 investment activities that the Division may require, at the
11 time and in the format required by the Division.

12 (40 ILCS 5/1-165 new)

13 Sec. 1-165. Commission on Government Forecasting and
14 Accountability study. The Commission on Government Forecasting
15 and Accountability shall conduct a study on the feasibility of:

16 (1) the creation of an investment pool to supplement
17 and enhance the investment opportunities available to
18 boards of trustees of the pension funds organized under
19 Articles 3 and 4 of this Code; the study shall include an
20 analysis on any cost or cost savings associated with
21 establishing the system and transferring assets for
22 management under the investment pool; and

23 (2) enacting a contribution cost-share component
24 wherein employing municipalities and members of funds
25 established under Articles 3 and 4 of this Code each

1 contribute 50% of the normal cost of the defined-benefit
2 plan.

3 The Commission shall issue a report on its findings on or
4 before December 31, 2011.

5 (40 ILCS 5/3-111) (from Ch. 108 1/2, par. 3-111)
6 Sec. 3-111. Pension.

7 (a) A police officer age 50 or more with 20 or more years
8 of creditable service, who is not a participant in the
9 self-managed plan under Section 3-109.3 and who is no longer in
10 service as a police officer, shall receive a pension of 1/2 of
11 the salary attached to the rank held by the officer on the
12 police force for one year immediately prior to retirement or,
13 beginning July 1, 1987 for persons terminating service on or
14 after that date, the salary attached to the rank held on the
15 last day of service or for one year prior to the last day,
16 whichever is greater. The pension shall be increased by 2.5% of
17 such salary for each additional year of service over 20 years
18 of service through 30 years of service, to a maximum of 75% of
19 such salary.

20 The changes made to this subsection (a) by this amendatory
21 Act of the 91st General Assembly apply to all pensions that
22 become payable under this subsection on or after January 1,
23 1999. All pensions payable under this subsection that began on
24 or after January 1, 1999 and before the effective date of this
25 amendatory Act shall be recalculated, and the amount of the

1 increase accruing for that period shall be payable to the
2 pensioner in a lump sum.

3 (a-5) No pension in effect on or granted after June 30,
4 1973 shall be less than \$200 per month. Beginning July 1, 1987,
5 the minimum retirement pension for a police officer having at
6 least 20 years of creditable service shall be \$400 per month,
7 without regard to whether or not retirement occurred prior to
8 that date. If the minimum pension established in Section
9 3-113.1 is greater than the minimum provided in this
10 subsection, the Section 3-113.1 minimum controls.

11 (b) A police officer mandatorily retired from service due
12 to age by operation of law, having at least 8 but less than 20
13 years of creditable service, shall receive a pension equal to 2
14 1/2% of the salary attached to the rank he or she held on the
15 police force for one year immediately prior to retirement or,
16 beginning July 1, 1987 for persons terminating service on or
17 after that date, the salary attached to the rank held on the
18 last day of service or for one year prior to the last day,
19 whichever is greater, for each year of creditable service.

20 A police officer who retires or is separated from service
21 having at least 8 years but less than 20 years of creditable
22 service, who is not mandatorily retired due to age by operation
23 of law, and who does not apply for a refund of contributions at
24 his or her last separation from police service, shall receive a
25 pension upon attaining age 60 equal to 2.5% of the salary
26 attached to the rank held by the police officer on the police

1 force for one year immediately prior to retirement or,
2 beginning July 1, 1987 for persons terminating service on or
3 after that date, the salary attached to the rank held on the
4 last day of service or for one year prior to the last day,
5 whichever is greater, for each year of creditable service.

6 (c) A police officer no longer in service who has at least
7 one but less than 8 years of creditable service in a police
8 pension fund but meets the requirements of this subsection (c)
9 shall be eligible to receive a pension from that fund equal to
10 2.5% of the salary attached to the rank held on the last day of
11 service under that fund or for one year prior to that last day,
12 whichever is greater, for each year of creditable service in
13 that fund. The pension shall begin no earlier than upon
14 attainment of age 60 (or upon mandatory retirement from the
15 fund by operation of law due to age, if that occurs before age
16 60) and in no event before the effective date of this
17 amendatory Act of 1997.

18 In order to be eligible for a pension under this subsection
19 (c), the police officer must have at least 8 years of
20 creditable service in a second police pension fund under this
21 Article and be receiving a pension under subsection (a) or (b)
22 of this Section from that second fund. The police officer need
23 not be in service on or after the effective date of this
24 amendatory Act of 1997.

25 (d) Notwithstanding any other provision of this Article,
26 the provisions of this subsection (d) apply to a person who is

1 not a participant in the self-managed plan under Section
2 3-109.3 and who first becomes a police officer under this
3 Article on or after January 1, 2011.

4 A police officer age 55 or more who has 10 or more years of
5 service in that capacity shall be entitled at his option to
6 receive a monthly pension for his service as a police officer
7 computed by multiplying 2.5% for each year of such service by
8 his or her final average salary.

9 The pension of a police officer who is retiring after
10 attaining age 50 with 10 or more years of creditable service
11 shall be reduced by one-half of 1% for each month that the
12 police officer's age is under age 55.

13 The maximum pension under this subsection (d) shall be 75%
14 of final average salary.

15 For the purposes of this subsection (d), "final average
16 salary" means the average monthly salary obtained by dividing
17 the total salary of the police officer during the 96
18 consecutive months of service within the last 120 months of
19 service in which the total salary was the highest by the number
20 of months of service in that period.

21 Beginning on January 1, 2011, for all purposes under this
22 Code (including without limitation the calculation of benefits
23 and employee contributions), the annual salary based on the
24 plan year of a member or participant to whom this Section
25 applies shall not exceed \$106,800; however, that amount shall
26 annually thereafter be increased by the lesser of (i) 3% of

1 that amount, including all previous adjustments, or (ii)
2 one-half the annual unadjusted percentage increase (but not
3 less than zero) in the consumer price index-u for the 12 months
4 ending with the September preceding each November 1, including
5 all previous adjustments.

6 (Source: P.A. 90-460, eff. 8-17-97; 91-939, eff. 2-1-01.)

7 (40 ILCS 5/3-111.1) (from Ch. 108 1/2, par. 3-111.1)

8 Sec. 3-111.1. Increase in pension.

9 (a) Except as provided in subsection (e), the monthly
10 pension of a police officer who retires after July 1, 1971, and
11 prior to January 1, 1986, shall be increased, upon either the
12 first of the month following the first anniversary of the date
13 of retirement if the officer is 60 years of age or over at
14 retirement date, or upon the first day of the month following
15 attainment of age 60 if it occurs after the first anniversary
16 of retirement, by 3% of the originally granted pension and by
17 an additional 3% of the originally granted pension in January
18 of each year thereafter.

19 (b) The monthly pension of a police officer who retired
20 from service with 20 or more years of service, on or before
21 July 1, 1971, shall be increased in January of the year
22 following the year of attaining age 65 or in January of 1972,
23 if then over age 65, by 3% of the originally granted pension
24 for each year the police officer received pension payments. In
25 each January thereafter, he or she shall receive an additional

1 increase of 3% of the original pension.

2 (c) The monthly pension of a police officer who retires on
3 disability or is retired for disability shall be increased in
4 January of the year following the year of attaining age 60, by
5 3% of the original grant of pension for each year he or she
6 received pension payments. In each January thereafter, the
7 police officer shall receive an additional increase of 3% of
8 the original pension.

9 (d) The monthly pension of a police officer who retires
10 after January 1, 1986, shall be increased, upon either the
11 first of the month following the first anniversary of the date
12 of retirement if the officer is 55 years of age or over, or
13 upon the first day of the month following attainment of age 55
14 if it occurs after the first anniversary of retirement, by 1/12
15 of 3% of the originally granted pension for each full month
16 that has elapsed since the pension began, and by an additional
17 3% of the originally granted pension in January of each year
18 thereafter.

19 The changes made to this subsection (d) by this amendatory
20 Act of the 91st General Assembly apply to all initial increases
21 that become payable under this subsection on or after January
22 1, 1999. All initial increases that became payable under this
23 subsection on or after January 1, 1999 and before the effective
24 date of this amendatory Act shall be recalculated and the
25 additional amount accruing for that period, if any, shall be
26 payable to the pensioner in a lump sum.

1 (e) Notwithstanding the provisions of subsection (a), upon
2 the first day of the month following (1) the first anniversary
3 of the date of retirement, or (2) the attainment of age 55, or
4 (3) July 1, 1987, whichever occurs latest, the monthly pension
5 of a police officer who retired on or after January 1, 1977 and
6 on or before January 1, 1986, and did not receive an increase
7 under subsection (a) before July 1, 1987, shall be increased by
8 3% of the originally granted monthly pension for each full year
9 that has elapsed since the pension began, and by an additional
10 3% of the originally granted pension in each January
11 thereafter. The increases provided under this subsection are in
12 lieu of the increases provided in subsection (a).

13 (f) Notwithstanding the other provisions of this Section,
14 beginning with increases granted on or after July 1, 1993, the
15 second and all subsequent automatic annual increases granted
16 under subsection (a), (b), (d), or (e) of this Section shall be
17 calculated as 3% of the amount of pension payable at the time
18 of the increase, including any increases previously granted
19 under this Section, rather than 3% of the originally granted
20 pension amount. Section 1-103.1 does not apply to this
21 subsection (f).

22 (g) Notwithstanding any other provision of this Article,
23 the monthly pension of a person who first becomes a police
24 officer under this Article on or after January 1, 2011 shall be
25 increased on the January 1 occurring either on or after the
26 attainment of age 60 or the first anniversary of the pension

1 start date, whichever is later. Each annual increase shall be
2 calculated at 3% or one-half the annual unadjusted percentage
3 increase (but not less than zero) in the consumer price index-u
4 for the 12 months ending with the September preceding each
5 November 1, whichever is less, of the originally granted
6 pension. If the annual unadjusted percentage change in the
7 consumer price index-u for a 12-month period ending in
8 September is zero or, when compared with the preceding period,
9 decreases, then the pension shall not be increased.

10 For the purposes of this subsection (g), "consumer price
11 index-u" means the index published by the Bureau of Labor
12 Statistics of the United States Department of Labor that
13 measures the average change in prices of goods and services
14 purchased by all urban consumers, United States city average,
15 all items, 1982-84 = 100. The new amount resulting from each
16 annual adjustment shall be determined by the Public Pension
17 Division of the Department of Insurance and made available to
18 the boards of the pension funds.

19 (Source: P.A. 91-939, eff. 2-1-01.)

20 (40 ILCS 5/3-112) (from Ch. 108 1/2, par. 3-112)

21 Sec. 3-112. Pension to survivors.

22 (a) Upon the death of a police officer entitled to a
23 pension under Section 3-111, the surviving spouse shall be
24 entitled to the pension to which the police officer was then
25 entitled. Upon the death of the surviving spouse, or upon the

1 remarriage of the surviving spouse if that remarriage
2 terminates the surviving spouse's eligibility under Section
3 3-121, the police officer's unmarried children who are under
4 age 18 or who are dependent because of physical or mental
5 disability shall be entitled to equal shares of such pension.
6 If there is no eligible surviving spouse and no eligible child,
7 the dependent parent or parents of the officer shall be
8 entitled to receive or share such pension until their death or
9 marriage or remarriage after the death of the police officer.

10 Notwithstanding any other provision of this Article, for a
11 person who first becomes a police officer under this Article on
12 or after January 1, 2011, the pension to which the surviving
13 spouse, children, or parents are entitled under this subsection
14 (a) shall be in the amount of 66 2/3% of the police officer's
15 earned pension at the date of death. Nothing in this subsection
16 (a) shall act to diminish the survivor's benefits described in
17 subsection (e) of this Section.

18 Notwithstanding any other provision of this Article, the
19 monthly pension of a survivor of a person who first becomes a
20 police officer under this Article on or after January 1, 2011
21 shall be increased on the January 1 after attainment of age 60
22 by the recipient of the survivor's pension and each January 1
23 thereafter by 3% or one-half the annual unadjusted percentage
24 increase (but not less than zero) in the consumer price index-u
25 for the 12 months ending with the September preceding each
26 November 1, whichever is less, of the originally granted

1 survivor's pension. If the annual unadjusted percentage change
2 in the consumer price index-u for a 12-month period ending in
3 September is zero or, when compared with the preceding period,
4 decreases, then the survivor's pension shall not be increased.

5 For the purposes of this subsection (a), "consumer price
6 index-u" means the index published by the Bureau of Labor
7 Statistics of the United States Department of Labor that
8 measures the average change in prices of goods and services
9 purchased by all urban consumers, United States city average,
10 all items, 1982-84 = 100. The new amount resulting from each
11 annual adjustment shall be determined by the Public Pension
12 Division of the Department of Insurance and made available to
13 the boards of the pension funds.

14 (b) Upon the death of a police officer while in service,
15 having at least 20 years of creditable service, or upon the
16 death of a police officer who retired from service with at
17 least 20 years of creditable service, whether death occurs
18 before or after attainment of age 50, the pension earned by the
19 police officer as of the date of death as provided in Section
20 3-111 shall be paid to the survivors in the sequence provided
21 in subsection (a) of this Section.

22 (c) Upon the death of a police officer while in service,
23 having at least 10 but less than 20 years of service, a pension
24 of 1/2 of the salary attached to the rank or ranks held by the
25 officer for one year immediately prior to death shall be
26 payable to the survivors in the sequence provided in subsection

1 (a) of this Section. If death occurs as a result of the
2 performance of duty, the 10 year requirement shall not apply
3 and the pension to survivors shall be payable after any period
4 of service.

5 (d) Beginning July 1, 1987, a minimum pension of \$400 per
6 month shall be paid to all surviving spouses, without regard to
7 the fact that the death of the police officer occurred prior to
8 that date. If the minimum pension established in Section
9 3-113.1 is greater than the minimum provided in this
10 subsection, the Section 3-113.1 minimum controls.

11 (e) The pension of the surviving spouse of a police officer
12 who dies (i) on or after January 1, 2001, (ii) without having
13 begun to receive either a retirement pension payable under
14 Section 3-111 or a disability pension payable under Section
15 3-114.1, 3-114.2, 3-114.3, or 3-114.6, and (iii) as a result of
16 sickness, accident, or injury incurred in or resulting from the
17 performance of an act of duty shall not be less than 100% of
18 the salary attached to the rank held by the deceased police
19 officer on the last day of service, notwithstanding any
20 provision in this Article to the contrary.

21 (Source: P.A. 91-939, eff. 2-1-01.)

22 (40 ILCS 5/3-125) (from Ch. 108 1/2, par. 3-125)

23 Sec. 3-125. Financing.

24 (a) The city council or the board of trustees of the
25 municipality shall annually levy a tax upon all the taxable

1 property of the municipality at the rate on the dollar which
2 will produce an amount which, when added to the deductions from
3 the salaries or wages of police officers, and revenues
4 available from other sources, will equal a sum sufficient to
5 meet the annual requirements of the police pension fund. The
6 annual requirements to be provided by such tax levy are equal
7 to (1) the normal cost of the pension fund for the year
8 involved, plus (2) an ~~the~~ amount sufficient to bring the total
9 assets of the pension fund up to 90% of the total actuarial
10 liabilities of the pension fund by the end of municipal fiscal
11 year 2040, as annually updated and determined by an enrolled
12 actuary employed by the Illinois Department of Insurance or by
13 an enrolled actuary retained by the pension fund or the
14 municipality. In making these determinations, the required
15 minimum employer contribution shall be calculated each year as
16 a level percentage of payroll over the years remaining up to
17 and including fiscal year 2040 and shall be determined under
18 the projected unit credit actuarial cost method ~~necessary to~~
19 ~~amortize the fund's unfunded accrued liabilities as provided in~~
20 ~~Section 3-127.~~ The tax shall be levied and collected in the
21 same manner as the general taxes of the municipality, and in
22 addition to all other taxes now or hereafter authorized to be
23 levied upon all property within the municipality, and shall be
24 in addition to the amount authorized to be levied for general
25 purposes as provided by Section 8-3-1 of the Illinois Municipal
26 Code, approved May 29, 1961, as amended. The tax shall be

1 forwarded directly to the treasurer of the board within 30
2 business days after receipt by the county.

3 (b) For purposes of determining the required employer
4 contribution to a pension fund, the value of the pension fund's
5 assets shall be equal to the actuarial value of the pension
6 fund's assets, which shall be calculated as follows:

7 (1) On March 30, 2011, the actuarial value of a pension
8 fund's assets shall be equal to the market value of the
9 assets as of that date.

10 (2) In determining the actuarial value of the System's
11 assets for fiscal years after March 30, 2011, any actuarial
12 gains or losses from investment return incurred in a fiscal
13 year shall be recognized in equal annual amounts over the
14 5-year period following that fiscal year.

15 (c) If a participating municipality fails to transmit to
16 the fund contributions required of it under this Article for
17 more than 90 days after the payment of those contributions is
18 due, the fund may, after giving notice to the municipality,
19 certify to the State Comptroller the amounts of the delinquent
20 payments, and the Comptroller must, beginning in fiscal year
21 2016, deduct and deposit into the fund the certified amounts or
22 a portion of those amounts from the following proportions of
23 grants of State funds to the municipality:

24 (1) in fiscal year 2016, one-third of the total amount
25 of any grants of State funds to the municipality;

26 (2) in fiscal year 2017, two-thirds of the total amount

1 of any grants of State funds to the municipality; and

2 (3) in fiscal year 2018 and each fiscal year
3 thereafter, the total amount of any grants of State funds
4 to the municipality.

5 The State Comptroller may not deduct from any grants of
6 State funds to the municipality more than the amount of
7 delinquent payments certified to the State Comptroller by the
8 fund.

9 (d) The police pension fund shall consist of the following
10 moneys which shall be set apart by the treasurer of the
11 municipality:

12 (1) All moneys derived from the taxes levied hereunder;

13 (2) Contributions by police officers under Section
14 3-125.1;

15 (3) All moneys accumulated by the municipality under
16 any previous legislation establishing a fund for the
17 benefit of disabled or retired police officers;

18 (4) Donations, gifts or other transfers authorized by
19 this Article.

20 (e) The Commission on Government Forecasting and
21 Accountability shall conduct a study of all funds established
22 under this Article and shall report its findings to the General
23 Assembly on or before January 1, 2013. To the fullest extent
24 possible, the study shall include, but not be limited to, the
25 following:

26 (1) fund balances;

1 (2) historical employer contribution rates for each
2 fund;

3 (3) the actuarial formulas used as a basis for employer
4 contributions, including the actual assumed rate of return
5 for each year, for each fund;

6 (4) available contribution funding sources;

7 (5) the impact of any revenue limitations caused by
8 PTELL and employer home rule or non-home rule status; and

9 (6) existing statutory funding compliance procedures
10 and funding enforcement mechanisms for all municipal
11 pension funds.

12 (Source: P.A. 95-530, eff. 8-28-07.)

13 (40 ILCS 5/4-109) (from Ch. 108 1/2, par. 4-109)

14 Sec. 4-109. Pension.

15 (a) A firefighter age 50 or more with 20 or more years of
16 creditable service, who is no longer in service as a
17 firefighter, shall receive a monthly pension of 1/2 the monthly
18 salary attached to the rank held by him or her in the fire
19 service at the date of retirement.

20 The monthly pension shall be increased by 1/12 of 2.5% of
21 such monthly salary for each additional month over 20 years of
22 service through 30 years of service, to a maximum of 75% of
23 such monthly salary.

24 The changes made to this subsection (a) by this amendatory
25 Act of the 91st General Assembly apply to all pensions that

1 become payable under this subsection on or after January 1,
2 1999. All pensions payable under this subsection that began on
3 or after January 1, 1999 and before the effective date of this
4 amendatory Act shall be recalculated, and the amount of the
5 increase accruing for that period shall be payable to the
6 pensioner in a lump sum.

7 (b) A firefighter who retires or is separated from service
8 having at least 10 but less than 20 years of creditable
9 service, who is not entitled to receive a disability pension,
10 and who did not apply for a refund of contributions at his or
11 her last separation from service shall receive a monthly
12 pension upon attainment of age 60 based on the monthly salary
13 attached to his or her rank in the fire service on the date of
14 retirement or separation from service according to the
15 following schedule:

16 For 10 years of service, 15% of salary;

17 For 11 years of service, 17.6% of salary;

18 For 12 years of service, 20.4% of salary;

19 For 13 years of service, 23.4% of salary;

20 For 14 years of service, 26.6% of salary;

21 For 15 years of service, 30% of salary;

22 For 16 years of service, 33.6% of salary;

23 For 17 years of service, 37.4% of salary;

24 For 18 years of service, 41.4% of salary;

25 For 19 years of service, 45.6% of salary.

26 (c) Notwithstanding any other provision of this Article,

1 the provisions of this subsection (c) apply to a person who
2 first becomes a firefighter under this Article on or after
3 January 1, 2011.

4 A firefighter age 55 or more who has 10 or more years of
5 service in that capacity shall be entitled at his option to
6 receive a monthly pension for his service as a firefighter
7 computed by multiplying 2.5% for each year of such service by
8 his or her final average salary.

9 The pension of a firefighter who is retiring after
10 attaining age 50 with 10 or more years of creditable service
11 shall be reduced by one-half of 1% for each month that the
12 firefighter's age is under age 55.

13 The maximum pension under this subsection (c) shall be 75%
14 of final average salary.

15 For the purposes of this subsection (c), "final average
16 salary" means the average monthly salary obtained by dividing
17 the total salary of the firefighter during the 96 consecutive
18 months of service within the last 120 months of service in
19 which the total salary was the highest by the number of months
20 of service in that period.

21 Beginning on January 1, 2011, for all purposes under this
22 Code (including without limitation the calculation of benefits
23 and employee contributions), the annual salary based on the
24 plan year of a member or participant to whom this Section
25 applies shall not exceed \$106,800; however, that amount shall
26 annually thereafter be increased by the lesser of (i) 3% of

1 that amount, including all previous adjustments, or (ii)
2 one-half the annual unadjusted percentage increase (but not
3 less than zero) in the consumer price index-u for the 12 months
4 ending with the September preceding each November 1, including
5 all previous adjustments.

6 (Source: P.A. 91-466, eff. 8-6-99.)

7 (40 ILCS 5/4-109.1) (from Ch. 108 1/2, par. 4-109.1)

8 Sec. 4-109.1. Increase in pension.

9 (a) Except as provided in subsection (e), the monthly
10 pension of a firefighter who retires after July 1, 1971 and
11 prior to January 1, 1986, shall, upon either the first of the
12 month following the first anniversary of the date of retirement
13 if 60 years of age or over at retirement date, or upon the
14 first day of the month following attainment of age 60 if it
15 occurs after the first anniversary of retirement, be increased
16 by 2% of the originally granted monthly pension and by an
17 additional 2% in each January thereafter. Effective January
18 1976, the rate of the annual increase shall be 3% of the
19 originally granted monthly pension.

20 (b) The monthly pension of a firefighter who retired from
21 service with 20 or more years of service, on or before July 1,
22 1971, shall be increased, in January of the year following the
23 year of attaining age 65 or in January 1972, if then over age
24 65, by 2% of the originally granted monthly pension, for each
25 year the firefighter received pension payments. In each January

1 thereafter, he or she shall receive an additional increase of
2 2% of the original monthly pension. Effective January 1976, the
3 rate of the annual increase shall be 3%.

4 (c) The monthly pension of a firefighter who is receiving a
5 disability pension under this Article shall be increased, in
6 January of the year following the year the firefighter attains
7 age 60, or in January 1974, if then over age 60, by 2% of the
8 originally granted monthly pension for each year he or she
9 received pension payments. In each January thereafter, the
10 firefighter shall receive an additional increase of 2% of the
11 original monthly pension. Effective January 1976, the rate of
12 the annual increase shall be 3%.

13 (c-1) On January 1, 1998, every child's disability benefit
14 payable on that date under Section 4-110 or 4-110.1 shall be
15 increased by an amount equal to 1/12 of 3% of the amount of the
16 benefit, multiplied by the number of months for which the
17 benefit has been payable. On each January 1 thereafter, every
18 child's disability benefit payable under Section 4-110 or
19 4-110.1 shall be increased by 3% of the amount of the benefit
20 then being paid, including any previous increases received
21 under this Article. These increases are not subject to any
22 limitation on the maximum benefit amount included in Section
23 4-110 or 4-110.1.

24 (c-2) On July 1, 2004, every pension payable to or on
25 behalf of a minor or disabled surviving child that is payable
26 on that date under Section 4-114 shall be increased by an

1 amount equal to 1/12 of 3% of the amount of the pension,
2 multiplied by the number of months for which the benefit has
3 been payable. On July 1, 2005, July 1, 2006, July 1, 2007, and
4 July 1, 2008, every pension payable to or on behalf of a minor
5 or disabled surviving child that is payable under Section 4-114
6 shall be increased by 3% of the amount of the pension then
7 being paid, including any previous increases received under
8 this Article. These increases are not subject to any limitation
9 on the maximum benefit amount included in Section 4-114.

10 (d) The monthly pension of a firefighter who retires after
11 January 1, 1986, shall, upon either the first of the month
12 following the first anniversary of the date of retirement if 55
13 years of age or over, or upon the first day of the month
14 following attainment of age 55 if it occurs after the first
15 anniversary of retirement, be increased by 1/12 of 3% of the
16 originally granted monthly pension for each full month that has
17 elapsed since the pension began, and by an additional 3% in
18 each January thereafter.

19 The changes made to this subsection (d) by this amendatory
20 Act of the 91st General Assembly apply to all initial increases
21 that become payable under this subsection on or after January
22 1, 1999. All initial increases that became payable under this
23 subsection on or after January 1, 1999 and before the effective
24 date of this amendatory Act shall be recalculated and the
25 additional amount accruing for that period, if any, shall be
26 payable to the pensioner in a lump sum.

1 (e) Notwithstanding the provisions of subsection (a), upon
2 the first day of the month following (1) the first anniversary
3 of the date of retirement, or (2) the attainment of age 55, or
4 (3) July 1, 1987, whichever occurs latest, the monthly pension
5 of a firefighter who retired on or after January 1, 1977 and on
6 or before January 1, 1986 and did not receive an increase under
7 subsection (a) before July 1, 1987, shall be increased by 3% of
8 the originally granted monthly pension for each full year that
9 has elapsed since the pension began, and by an additional 3% in
10 each January thereafter. The increases provided under this
11 subsection are in lieu of the increases provided in subsection
12 (a).

13 (f) In July 2009, the monthly pension of a firefighter who
14 retired before July 1, 1977 shall be recalculated and increased
15 to reflect the amount that the firefighter would have received
16 in July 2009 had the firefighter been receiving a 3% compounded
17 increase for each year he or she received pension payments
18 after January 1, 1986, plus any increases in pension received
19 for each year prior to January 1, 1986. In each January
20 thereafter, he or she shall receive an additional increase of
21 3% of the amount of the pension then being paid. The changes
22 made to this Section by this amendatory Act of the 96th General
23 Assembly apply without regard to whether the firefighter was in
24 service on or after its effective date.

25 (g) Notwithstanding any other provision of this Article,
26 the monthly pension of a person who first becomes a firefighter

1 under this Article on or after January 1, 2011 shall be
2 increased on the January 1 occurring either on or after the
3 attainment of age 60 or the first anniversary of the pension
4 start date, whichever is later. Each annual increase shall be
5 calculated at 3% or one-half the annual unadjusted percentage
6 increase (but not less than zero) in the consumer price index-u
7 for the 12 months ending with the September preceding each
8 November 1, whichever is less, of the originally granted
9 pension. If the annual unadjusted percentage change in the
10 consumer price index-u for a 12-month period ending in
11 September is zero or, when compared with the preceding period,
12 decreases, then the pension shall not be increased.

13 For the purposes of this subsection (g), "consumer price
14 index-u" means the index published by the Bureau of Labor
15 Statistics of the United States Department of Labor that
16 measures the average change in prices of goods and services
17 purchased by all urban consumers, United States city average,
18 all items, 1982-84 = 100. The new amount resulting from each
19 annual adjustment shall be determined by the Public Pension
20 Division of the Department of Insurance and made available to
21 the boards of the pension funds.

22 (Source: P.A. 96-775, eff. 8-28-09.)

23 (40 ILCS 5/4-114) (from Ch. 108 1/2, par. 4-114)

24 Sec. 4-114. Pension to survivors. If a firefighter who is
25 not receiving a disability pension under Section 4-110 or

1 4-110.1 dies (1) as a result of any illness or accident, or (2)
2 from any cause while in receipt of a disability pension under
3 this Article, or (3) during retirement after 20 years service,
4 or (4) while vested for or in receipt of a pension payable
5 under subsection (b) of Section 4-109, or (5) while a deferred
6 pensioner, having made all required contributions, a pension
7 shall be paid to his or her survivors, based on the monthly
8 salary attached to the firefighter's rank on the last day of
9 service in the fire department, as follows:

10 (a) (1) To the surviving spouse, a monthly pension of
11 40% of the monthly salary, and to the guardian of any minor
12 child or children including a child which has been
13 conceived but not yet born, 12% of such monthly salary for
14 each such child until attainment of age 18 or until the
15 child's marriage, whichever occurs first. Beginning July
16 1, 1993, the monthly pension to the surviving spouse shall
17 be 54% of the monthly salary for all persons receiving a
18 surviving spouse pension under this Article, regardless of
19 whether the deceased firefighter was in service on or after
20 the effective date of this amendatory Act of 1993.

21 (2) Beginning July 1, 2004, unless the amount provided
22 under paragraph (1) of this subsection (a) is greater, the
23 total monthly pension payable under this paragraph (a),
24 including any amount payable on account of children, to the
25 surviving spouse of a firefighter who died (i) while
26 receiving a retirement pension, (ii) while he or she was a

1 deferred pensioner with at least 20 years of creditable
2 service, or (iii) while he or she was in active service
3 having at least 20 years of creditable service, regardless
4 of age, shall be no less than 100% of the monthly
5 retirement pension earned by the deceased firefighter at
6 the time of death, regardless of whether death occurs
7 before or after attainment of age 50, including any
8 increases under Section 4-109.1. This minimum applies to
9 all such surviving spouses who are eligible to receive a
10 surviving spouse pension, regardless of whether the
11 deceased firefighter was in service on or after the
12 effective date of this amendatory Act of the 93rd General
13 Assembly, and notwithstanding any limitation on maximum
14 pension under paragraph (d) or any other provision of this
15 Article.

16 (3) If the pension paid on and after July 1, 2004 to
17 the surviving spouse of a firefighter who died on or after
18 July 1, 2004 and before the effective date of this
19 amendatory Act of the 93rd General Assembly was less than
20 the minimum pension payable under paragraph (1) or (2) of
21 this subsection (a), the fund shall pay a lump sum equal to
22 the difference within 90 days after the effective date of
23 this amendatory Act of the 93rd General Assembly.

24 The pension to the surviving spouse shall terminate in
25 the event of the surviving spouse's remarriage prior to
26 July 1, 1993; remarriage on or after that date does not

1 affect the surviving spouse's pension, regardless of
2 whether the deceased firefighter was in service on or after
3 the effective date of this amendatory Act of 1993.

4 The surviving spouse's pension shall be subject to the
5 minimum established in Section 4-109.2.

6 (b) Upon the death of the surviving spouse leaving one
7 or more minor children, to the duly appointed guardian of
8 each such child, for support and maintenance of each such
9 child until the child reaches age 18 or marries, whichever
10 occurs first, a monthly pension of 20% of the monthly
11 salary.

12 (c) If a deceased firefighter leaves no surviving
13 spouse or unmarried minor children under age 18, but leaves
14 a dependent father or mother, to each dependent parent a
15 monthly pension of 18% of the monthly salary. To qualify
16 for the pension, a dependent parent must furnish
17 satisfactory proof that the deceased firefighter was at the
18 time of his or her death the sole supporter of the parent
19 or that the parent was the deceased's dependent for federal
20 income tax purposes.

21 (d) The total pension provided under paragraphs (a),
22 (b) and (c) of this Section shall not exceed 75% of the
23 monthly salary of the deceased firefighter (1) when paid to
24 the survivor of a firefighter who has attained 20 or more
25 years of service credit and who receives or is eligible to
26 receive a retirement pension under this Article, or (2)

1 when paid to the survivor of a firefighter who dies as a
2 result of illness or accident, or (3) when paid to the
3 survivor of a firefighter who dies from any cause while in
4 receipt of a disability pension under this Article, or (4)
5 when paid to the survivor of a deferred pensioner. For all
6 other survivors of deceased firefighters, the total
7 pension provided under paragraphs (a), (b) and (c) of this
8 Section shall not exceed 50% of the retirement annuity the
9 firefighter would have received on the date of death.

10 The maximum pension limitations in this paragraph (d)
11 do not control over any contrary provision of this Article
12 explicitly establishing a minimum amount of pension or
13 granting a one-time or annual increase in pension.

14 (e) If a firefighter leaves no eligible survivors under
15 paragraphs (a), (b) and (c), the board shall refund to the
16 firefighter's estate the amount of his or her accumulated
17 contributions, less the amount of pension payments, if any,
18 made to the firefighter while living.

19 (f) (Blank).

20 (g) If a judgment of dissolution of marriage between a
21 firefighter and spouse is judicially set aside subsequent
22 to the firefighter's death, the surviving spouse is
23 eligible for the pension provided in paragraph (a) only if
24 the judicial proceedings are filed within 2 years after the
25 date of the dissolution of marriage and within one year
26 after the firefighter's death and the board is made a party

1 to the proceedings. In such case the pension shall be
2 payable only from the date of the court's order setting
3 aside the judgment of dissolution of marriage.

4 (h) Benefits payable on account of a child under this
5 Section shall not be reduced or terminated by reason of the
6 child's attainment of age 18 if he or she is then dependent
7 by reason of a physical or mental disability but shall
8 continue to be paid as long as such dependency continues.
9 Individuals over the age of 18 and adjudged as a disabled
10 person pursuant to Article XIa of the Probate Act of 1975,
11 except for persons receiving benefits under Article III of
12 the Illinois Public Aid Code, shall be eligible to receive
13 benefits under this Act.

14 (i) Beginning January 1, 2000, the pension of the
15 surviving spouse of a firefighter who dies on or after
16 January 1, 1994 as a result of sickness, accident, or
17 injury incurred in or resulting from the performance of an
18 act of duty or from the cumulative effects of acts of duty
19 shall not be less than 100% of the salary attached to the
20 rank held by the deceased firefighter on the last day of
21 service, notwithstanding subsection (d) or any other
22 provision of this Article.

23 (j) Beginning July 1, 2004, the pension of the
24 surviving spouse of a firefighter who dies on or after
25 January 1, 1988 as a result of sickness, accident, or
26 injury incurred in or resulting from the performance of an

1 act of duty or from the cumulative effects of acts of duty
2 shall not be less than 100% of the salary attached to the
3 rank held by the deceased firefighter on the last day of
4 service, notwithstanding subsection (d) or any other
5 provision of this Article.

6 Notwithstanding any other provision of this Article, if a
7 person who first becomes a firefighter under this Article on or
8 after January 1, 2011 and who is not receiving a disability
9 pension under Section 4-110 or 4-110.1 dies (1) as a result of
10 any illness or accident, (2) from any cause while in receipt of
11 a disability pension under this Article, (3) during retirement
12 after 20 years service, (4) while vested for or in receipt of a
13 pension payable under subsection (b) of Section 4-109, or (5)
14 while a deferred pensioner, having made all required
15 contributions, then a pension shall be paid to his or her
16 survivors in the amount of 66 2/3% of the firefighter's earned
17 pension at the date of death. Nothing in this Section shall act
18 to diminish the survivor's benefits described in subsection (j)
19 of this Section.

20 Notwithstanding any other provision of this Article, the
21 monthly pension of a survivor of a person who first becomes a
22 firefighter under this Article on or after January 1, 2011
23 shall be increased on the January 1 after attainment of age 60
24 by the recipient of the survivor's pension and each January 1
25 thereafter by 3% or one-half the annual unadjusted percentage
26 increase in the consumer price index-u for the 12 months ending

1 with the September preceding each November 1, whichever is
2 less, of the originally granted survivor's pension. If the
3 annual unadjusted percentage change in the consumer price
4 index-u for a 12-month period ending in September is zero or,
5 when compared with the preceding period, decreases, then the
6 survivor's pension shall not be increased.

7 For the purposes of this Section, "consumer price index-u"
8 means the index published by the Bureau of Labor Statistics of
9 the United States Department of Labor that measures the average
10 change in prices of goods and services purchased by all urban
11 consumers, United States city average, all items, 1982-84 =
12 100. The new amount resulting from each annual adjustment shall
13 be determined by the Public Pension Division of the Department
14 of Insurance and made available to the boards of the pension
15 funds.

16 (Source: P.A. 95-279, eff. 1-1-08.)

17 (40 ILCS 5/4-118) (from Ch. 108 1/2, par. 4-118)

18 Sec. 4-118. Financing.

19 (a) The city council or the board of trustees of the
20 municipality shall annually levy a tax upon all the taxable
21 property of the municipality at the rate on the dollar which
22 will produce an amount which, when added to the deductions from
23 the salaries or wages of firefighters and revenues available
24 from other sources, will equal a sum sufficient to meet the
25 annual actuarial requirements of the pension fund, as

1 determined by an enrolled actuary employed by the Illinois
2 Department of Insurance or by an enrolled actuary retained by
3 the pension fund or municipality. For the purposes of this
4 Section, the annual actuarial requirements of the pension fund
5 are equal to (1) the normal cost of the pension fund, or 17.5%
6 of the salaries and wages to be paid to firefighters for the
7 year involved, whichever is greater, plus (2) an ~~the~~ annual
8 amount sufficient to bring the total assets of the pension fund
9 up to 90% of the total actuarial liabilities of the pension
10 fund by the end of municipal fiscal year 2040, as annually
11 updated and determined by an enrolled actuary employed by the
12 Illinois Department of Insurance or by an enrolled actuary
13 retained by the pension fund or the municipality. In making
14 these determinations, the required minimum employer
15 contribution shall be calculated each year as a level
16 percentage of payroll over the years remaining up to and
17 including fiscal year 2040 and shall be determined under the
18 projected unit credit actuarial cost method necessary to
19 ~~amortize the fund's unfunded accrued liabilities over a period~~
20 ~~of 40 years from July 1, 1993, as annually updated and~~
21 ~~determined by an enrolled actuary employed by the Illinois~~
22 ~~Department of Insurance or by an enrolled actuary retained by~~
23 ~~the pension fund or the municipality.~~ The amount to be applied
24 towards the amortization of the unfunded accrued liability in
25 any year shall not be less than the annual amount required to
26 amortize the unfunded accrued liability, including interest,

1 as a level percentage of payroll over the number of years
2 remaining in the 40 year amortization period.

3 (a-5) For purposes of determining the required employer
4 contribution to a pension fund, the value of the pension fund's
5 assets shall be equal to the actuarial value of the pension
6 fund's assets, which shall be calculated as follows:

7 (1) On March 30, 2011, the actuarial value of a pension
8 fund's assets shall be equal to the market value of the
9 assets as of that date.

10 (2) In determining the actuarial value of the pension
11 fund's assets for fiscal years after March 30, 2011, any
12 actuarial gains or losses from investment return incurred
13 in a fiscal year shall be recognized in equal annual
14 amounts over the 5-year period following that fiscal year.

15 (b) The tax shall be levied and collected in the same
16 manner as the general taxes of the municipality, and shall be
17 in addition to all other taxes now or hereafter authorized to
18 be levied upon all property within the municipality, and in
19 addition to the amount authorized to be levied for general
20 purposes, under Section 8-3-1 of the Illinois Municipal Code or
21 under Section 14 of the Fire Protection District Act. The tax
22 shall be forwarded directly to the treasurer of the board
23 within 30 business days of receipt by the county (or, in the
24 case of amounts added to the tax levy under subsection (f),
25 used by the municipality to pay the employer contributions
26 required under subsection (b-1) of Section 15-155 of this

1 Code).

2 (b-5) If a participating municipality fails to transmit to
3 the fund contributions required of it under this Article for
4 more than 90 days after the payment of those contributions is
5 due, the fund may, after giving notice to the municipality,
6 certify to the State Comptroller the amounts of the delinquent
7 payments, and the Comptroller must, beginning in fiscal year
8 2016, deduct and deposit into the fund the certified amounts or
9 a portion of those amounts from the following proportions of
10 grants of State funds to the municipality:

11 (1) in fiscal year 2016, one-third of the total amount
12 of any grants of State funds to the municipality;

13 (2) in fiscal year 2017, two-thirds of the total amount
14 of any grants of State funds to the municipality; and

15 (3) in fiscal year 2018 and each fiscal year
16 thereafter, the total amount of any grants of State funds
17 to the municipality.

18 The State Comptroller may not deduct from any grants of
19 State funds to the municipality more than the amount of
20 delinquent payments certified to the State Comptroller by the
21 fund.

22 (c) The board shall make available to the membership and
23 the general public for inspection and copying at reasonable
24 times the most recent Actuarial Valuation Balance Sheet and Tax
25 Levy Requirement issued to the fund by the Department of
26 Insurance.

1 (d) The firefighters' pension fund shall consist of the
2 following moneys which shall be set apart by the treasurer of
3 the municipality: (1) all moneys derived from the taxes levied
4 hereunder; (2) contributions by firefighters as provided under
5 Section 4-118.1; (3) all rewards in money, fees, gifts, and
6 emoluments that may be paid or given for or on account of
7 extraordinary service by the fire department or any member
8 thereof, except when allowed to be retained by competitive
9 awards; and (4) any money, real estate or personal property
10 received by the board.

11 (e) For the purposes of this Section, "enrolled actuary"
12 means an actuary: (1) who is a member of the Society of
13 Actuaries or the American Academy of Actuaries; and (2) who is
14 enrolled under Subtitle C of Title III of the Employee
15 Retirement Income Security Act of 1974, or who has been engaged
16 in providing actuarial services to one or more public
17 retirement systems for a period of at least 3 years as of July
18 1, 1983.

19 (f) The corporate authorities of a municipality that
20 employs a person who is described in subdivision (d) of Section
21 4-106 may add to the tax levy otherwise provided for in this
22 Section an amount equal to the projected cost of the employer
23 contributions required to be paid by the municipality to the
24 State Universities Retirement System under subsection (b-1) of
25 Section 15-155 of this Code.

26 (g) The Commission on Government Forecasting and

1 Accountability shall conduct a study of all funds established
2 under this Article and shall report its findings to the General
3 Assembly on or before January 1, 2013. To the fullest extent
4 possible, the study shall include, but not be limited to, the
5 following:

6 (1) fund balances;

7 (2) historical employer contribution rates for each
8 fund;

9 (3) the actuarial formulas used as a basis for employer
10 contributions, including the actual assumed rate of return
11 for each year, for each fund;

12 (4) available contribution funding sources;

13 (5) the impact of any revenue limitations caused by
14 PTELL and employer home rule or non-home rule status; and

15 (6) existing statutory funding compliance procedures
16 and funding enforcement mechanisms for all municipal
17 pension funds.

18 (Source: P.A. 94-859, eff. 6-15-06.)

19 (40 ILCS 5/5-167.1) (from Ch. 108 1/2, par. 5-167.1)

20 Sec. 5-167.1. Automatic increase in annuity; retirement
21 from service after September 1, 1967.

22 (a) A policeman who retires from service after September 1,
23 1967 with at least 20 years of service credit shall, upon
24 either the first of the month following the first anniversary
25 of his date of retirement if he is age 60 (age 55 if born before

1 January 1, 1955) or over on that anniversary date, or upon the
2 first of the month following his attainment of age 60 (age 55
3 if born before January 1, 1955) if it occurs after the first
4 anniversary of his retirement date, have his then fixed and
5 payable monthly annuity increased by 1 1/2% and such first
6 fixed annuity as granted at retirement increased by an
7 additional 1 1/2% in January of each year thereafter up to a
8 maximum increase of 30%. Beginning January 1, 1983 for
9 policemen born before January 1, 1930, and beginning January 1,
10 1988 for policemen born on or after January 1, 1930 but before
11 January 1, 1940, and beginning January 1, 1996 for policemen
12 born on or after January 1, 1940 but before January 1, 1945,
13 and beginning January 1, 2000 for policemen born on or after
14 January 1, 1945 but before January 1, 1950, and beginning
15 January 1, 2005 for policemen born on or after January 1, 1950
16 but before January 1, 1955, such increases shall be 3% and such
17 policemen shall not be subject to the 30% maximum increase.

18 Any policeman born before January 1, 1945 who qualifies for
19 a minimum annuity and retires after September 1, 1967 but has
20 not received the initial increase under this subsection before
21 January 1, 1996 is entitled to receive the initial increase
22 under this subsection on (1) January 1, 1996, (2) the first
23 anniversary of the date of retirement, or (3) attainment of age
24 55, whichever occurs last. The changes to this Section made by
25 Public Act 89-12 apply beginning January 1, 1996 and without
26 regard to whether the policeman or annuitant terminated service

1 before the effective date of that Act.

2 Any policeman born before January 1, 1950 who qualifies for
3 a minimum annuity and retires after September 1, 1967 but has
4 not received the initial increase under this subsection before
5 January 1, 2000 is entitled to receive the initial increase
6 under this subsection on (1) January 1, 2000, (2) the first
7 anniversary of the date of retirement, or (3) attainment of age
8 55, whichever occurs last. The changes to this Section made by
9 this amendatory Act of the 92nd General Assembly apply without
10 regard to whether the policeman or annuitant terminated service
11 before the effective date of this amendatory Act.

12 Any policeman born before January 1, 1955 who qualifies for
13 a minimum annuity and retires after September 1, 1967 but has
14 not received the initial increase under this subsection before
15 January 1, 2005 is entitled to receive the initial increase
16 under this subsection on (1) January 1, 2005, (2) the first
17 anniversary of the date of retirement, or (3) attainment of age
18 55, whichever occurs last. The changes to this Section made by
19 this amendatory Act of the 94th General Assembly apply without
20 regard to whether the policeman or annuitant terminated service
21 before the effective date of this amendatory Act.

22 (b) Subsection (a) of this Section is not applicable to an
23 employee receiving a term annuity.

24 (c) To help defray the cost of such increases in annuity,
25 there shall be deducted, beginning September 1, 1967, from each
26 payment of salary to a policeman, 1/2 of 1% of each salary

1 payment concurrently with and in addition to the salary
2 deductions otherwise made for annuity purposes.

3 The city, in addition to the contributions otherwise made
4 by it for annuity purposes under other provisions of this
5 Article, shall make matching contributions concurrently with
6 such salary deductions.

7 Each such 1/2 of 1% deduction from salary and each such
8 contribution by the city of 1/2 of 1% of salary shall be
9 credited to the Automatic Increase Reserve, to be used to
10 defray the cost of the 1 1/2% annuity increase provided by this
11 Section. Any balance in such reserve as of the beginning of
12 each calendar year shall be credited with interest at the rate
13 of 3% per annum.

14 Such deductions from salary and city contributions shall
15 continue while the policeman is in service.

16 The salary deductions provided in this Section are not
17 subject to refund, except to the policeman himself, in any case
18 in which a policeman withdraws prior to qualification for
19 minimum annuity and applies for refund or applies for annuity,
20 and also where a term annuity becomes payable. In such cases,
21 the total of such salary deductions shall be refunded to the
22 policeman, without interest, and charged to the Automatic
23 Increase Reserve.

24 (d) Notwithstanding any other provision of this Article,
25 for a person who first becomes a policeman under this Article
26 on or after January 1, 2011, the annuity to which the survivor

1 is entitled under this subsection (d) shall be in the amount of
2 66 2/3% of the policeman's earned annuity at the date of death.
3 Nothing in this subsection (d) shall act to diminish the
4 survivor's benefits described in this Section.

5 Notwithstanding any other provision of this Article, the
6 monthly annuity of a survivor of a person who first becomes a
7 policeman under this Article on or after January 1, 2011 shall
8 be increased on the January 1 after attainment of age 60 by the
9 recipient of the survivor's annuity and each January 1
10 thereafter by 3% or one-half the annual unadjusted percentage
11 increase (but not less than zero) in the consumer price index-u
12 for the 12 months ending with the September preceding each
13 November 1, whichever is less, of the originally granted
14 annuity. If the annual unadjusted percentage change in the
15 consumer price index-u for a 12-month period ending in
16 September is zero or, when compared with the preceding period,
17 decreases, then the annuity shall not be increased.

18 For the purposes of this subsection (d), "consumer price
19 index-u" means the index published by the Bureau of Labor
20 Statistics of the United States Department of Labor that
21 measures the average change in prices of goods and services
22 purchased by all urban consumers, United States city average,
23 all items, 1982-84 = 100. The new amount resulting from each
24 annual adjustment shall be determined by the Public Pension
25 Division of the Department of Insurance and made available to
26 the boards of the pension funds.

1 (Source: P.A. 94-719, eff. 1-6-06.)

2 (40 ILCS 5/5-168) (from Ch. 108 1/2, par. 5-168)

3 Sec. 5-168. Financing.

4 (a) Except as expressly provided in this Section, the city
5 shall levy a tax annually upon all taxable property therein for
6 the purpose of providing revenue for the fund.

7 The tax shall be at a rate that will produce a sum which,
8 when added to the amounts deducted from the policemen's
9 salaries and the amounts deposited in accordance with
10 subsection (g), is sufficient for the purposes of the fund.

11 For the years 1968 and 1969, the city council shall levy a
12 tax annually at a rate on the dollar of the assessed valuation
13 of all taxable property that will produce, when extended, not
14 to exceed \$9,700,000. Beginning with the year 1970 and through
15 2014, ~~each year thereafter~~ the city council shall levy a tax
16 annually at a rate on the dollar of the assessed valuation of
17 all taxable property that will produce when extended an amount
18 not to exceed the total amount of contributions by the
19 policemen to the Fund made in the calendar year 2 years before
20 the year for which the applicable annual tax is levied,
21 multiplied by 1.40 for the tax levy year 1970; by 1.50 for the
22 year 1971; by 1.65 for 1972; by 1.85 for 1973; by 1.90 for
23 1974; by 1.97 for 1975 through 1981; by 2.00 for 1982 and for
24 each year through 2014 ~~thereafter~~. Beginning in 2015, the city
25 council shall levy a tax annually at a rate on the dollar of

1 the assessed valuation of all taxable property that will
2 produce when extended an annual amount that is equal to (1) the
3 normal cost to the Fund, plus (2) an annual amount sufficient
4 to bring the total assets of the Fund up to 90% of the total
5 actuarial liabilities of the Fund by the end of fiscal year
6 2040, as annually updated and determined by an enrolled actuary
7 employed by the Illinois Department of Insurance or by an
8 enrolled actuary retained by the Fund or the city. In making
9 these determinations, the required minimum employer
10 contribution shall be calculated each year as a level
11 percentage of payroll over the years remaining up to and
12 including fiscal year 2040 and shall be determined under the
13 projected unit credit actuarial cost method. For the purposes
14 of this subsection (a), contributions by the policeman to the
15 Fund shall not include payments made by a policeman to
16 establish credit under Section 5-214.2 of this Code.

17 (a-5) For purposes of determining the required employer
18 contribution to the Fund, the value of the Fund's assets shall
19 be equal to the actuarial value of the Fund's assets, which
20 shall be calculated as follows:

21 (1) On March 30, 2011, the actuarial value of the
22 Fund's assets shall be equal to the market value of the
23 assets as of that date.

24 (2) In determining the actuarial value of the Fund's
25 assets for fiscal years after March 30, 2011, any actuarial
26 gains or losses from investment return incurred in a fiscal

1 year shall be recognized in equal annual amounts over the
2 5-year period following that fiscal year.

3 (a-7) If the city fails to transmit to the Fund
4 contributions required of it under this Article for more than
5 90 days after the payment of those contributions is due, the
6 Fund may, after giving notice to the city, certify to the State
7 Comptroller the amounts of the delinquent payments, and the
8 Comptroller must, beginning in fiscal year 2016, deduct and
9 deposit into the Fund the certified amounts or a portion of
10 those amounts from the following proportions of grants of State
11 funds to the city:

12 (1) in fiscal year 2016, one-third of the total amount
13 of any grants of State funds to the city;

14 (2) in fiscal year 2017, two-thirds of the total amount
15 of any grants of State funds to the city; and

16 (3) in fiscal year 2018 and each fiscal year
17 thereafter, the total amount of any grants of State funds
18 to the city.

19 The State Comptroller may not deduct from any grants of
20 State funds to the city more than the amount of delinquent
21 payments certified to the State Comptroller by the Fund.

22 (b) The tax shall be levied and collected in like manner
23 with the general taxes of the city, and is in addition to all
24 other taxes which the city is now or may hereafter be
25 authorized to levy upon all taxable property therein, and is
26 exclusive of and in addition to the amount of tax the city is

1 now or may hereafter be authorized to levy for general purposes
2 under any law which may limit the amount of tax which the city
3 may levy for general purposes. The county clerk of the county
4 in which the city is located, in reducing tax levies under
5 Section 8-3-1 of the Illinois Municipal Code, shall not
6 consider the tax herein authorized as a part of the general tax
7 levy for city purposes, and shall not include the tax in any
8 limitation of the percent of the assessed valuation upon which
9 taxes are required to be extended for the city.

10 (c) On or before January 10 of each year, the board shall
11 notify the city council of the requirement that the tax herein
12 authorized be levied by the city council for that current year.
13 The board shall compute the amounts necessary for the purposes
14 of this fund to be credited to the reserves established and
15 maintained within the fund; shall make an annual determination
16 of the amount of the required city contributions; and shall
17 certify the results thereof to the city council.

18 As soon as any revenue derived from the tax is collected it
19 shall be paid to the city treasurer of the city and shall be
20 held by him for the benefit of the fund in accordance with this
21 Article.

22 (d) If the funds available are insufficient during any year
23 to meet the requirements of this Article, the city may issue
24 tax anticipation warrants against the tax levy for the current
25 fiscal year.

26 (e) The various sums, including interest, to be contributed

1 by the city, shall be taken from the revenue derived from such
2 tax or otherwise as expressly provided in this Section. Any
3 moneys of the city derived from any source other than the tax
4 herein authorized shall not be used for any purpose of the fund
5 nor the cost of administration thereof, unless applied to make
6 the deposit expressly authorized in this Section or the
7 additional city contributions required under subsection (h).

8 (f) If it is not possible or practicable for the city to
9 make its contributions at the time that salary deductions are
10 made, the city shall make such contributions as soon as
11 possible thereafter, with interest thereon to the time it is
12 made.

13 (g) In lieu of levying all or a portion of the tax required
14 under this Section in any year, the city may deposit with the
15 city treasurer no later than March 1 of that year for the
16 benefit of the fund, to be held in accordance with this
17 Article, an amount that, together with the taxes levied under
18 this Section for that year, is not less than the amount of the
19 city contributions for that year as certified by the board to
20 the city council. The deposit may be derived from any source
21 legally available for that purpose, including, but not limited
22 to, the proceeds of city borrowings. The making of a deposit
23 shall satisfy fully the requirements of this Section for that
24 year to the extent of the amounts so deposited. Amounts
25 deposited under this subsection may be used by the fund for any
26 of the purposes for which the proceeds of the tax levied under

1 this Section may be used, including the payment of any amount
2 that is otherwise required by this Article to be paid from the
3 proceeds of that tax.

4 (h) In addition to the contributions required under the
5 other provisions of this Article, by November 1 of the
6 following specified years, the city shall deposit with the city
7 treasurer for the benefit of the fund, to be held and used in
8 accordance with this Article, the following specified amounts:
9 \$6,300,000 in 1999; \$5,880,000 in 2000; \$5,460,000 in 2001;
10 \$5,040,000 in 2002; and \$4,620,000 in 2003.

11 The additional city contributions required under this
12 subsection are intended to decrease the unfunded liability of
13 the fund and shall not decrease the amount of the city
14 contributions required under the other provisions of this
15 Article. The additional city contributions made under this
16 subsection may be used by the fund for any of its lawful
17 purposes.

18 (Source: P.A. 95-1036, eff. 2-17-09.)

19 (40 ILCS 5/5-238 new)

20 Sec. 5-238. Provisions applicable to new hires.

21 (a) Notwithstanding any other provision of this Article,
22 the provisions of this Section apply to a person who first
23 becomes a policeman under this Article on or after January 1,
24 2011.

25 (b) A policeman age 55 or more who has 10 or more years of

1 service in that capacity shall be entitled at his option to
2 receive a monthly retirement annuity for his service as a
3 police officer computed by multiplying 2.5% for each year of
4 such service by his or her final average salary.

5 The retirement annuity of a policeman who is retiring after
6 attaining age 50 with 10 or more years of creditable service
7 shall be reduced by one-half of 1% for each month that the
8 police officer's age is under age 55.

9 The maximum retirement annuity under this subsection (b)
10 shall be 75% of final average salary.

11 For the purposes of this subsection (b), "final average
12 salary" means the average monthly salary obtained by dividing
13 the total salary of the policeman during the 96 consecutive
14 months of service within the last 120 months of service in
15 which the total salary was the highest by the number of months
16 of service in that period.

17 Beginning on January 1, 2011, for all purposes under this
18 Code (including without limitation the calculation of benefits
19 and employee contributions), the annual salary based on the
20 plan year of a member or participant to whom this Section
21 applies shall not exceed \$106,800; however, that amount shall
22 annually thereafter be increased by the lesser of (i) 3% of
23 that amount, including all previous adjustments, or (ii)
24 one-half the annual unadjusted percentage increase (but not
25 less than zero) in the consumer price index-u for the 12 months
26 ending with the September preceding each November 1, including

1 all previous adjustments.

2 (c) Notwithstanding any other provision of this Article,
3 for a person who first becomes a policeman under this Article
4 on or after January 1, 2011, the annuity to which the surviving
5 spouse, children, or parents are entitled under this subsection
6 (c) shall be in the amount of 66 2/3% of the policeman's earned
7 annuity at the date of death.

8 Notwithstanding any other provision of this Article, the
9 monthly annuity of a survivor of a person who first becomes a
10 policeman under this Article on or after January 1, 2011 shall
11 be increased on the January 1 after attainment of age 60 by the
12 recipient of the survivor's annuity and each January 1
13 thereafter by 3% or one-half the annual unadjusted percentage
14 increase (but not less than zero) in the consumer price index-u
15 for the 12 months ending with the September preceding each
16 November 1, whichever is less, of the originally granted
17 survivor's annuity. If the unadjusted percentage change in the
18 consumer price index-u for a 12-month period ending in
19 September is zero or, when compared with the preceding period,
20 decreases, then the annuity shall not be increased.

21 For the purposes of this Section, "consumer price index-u"
22 means the index published by the Bureau of Labor Statistics of
23 the United States Department of Labor that measures the average
24 change in prices of goods and services purchased by all urban
25 consumers, United States city average, all items, 1982-84 =
26 100. The new amount resulting from each annual adjustment shall

1 be determined by the Public Pension Division of the Department
2 of Insurance and made available to the boards of the pension
3 funds.

4 (40 ILCS 5/6-164) (from Ch. 108 1/2, par. 6-164)

5 Sec. 6-164. Automatic annual increase; retirement after
6 September 1, 1959.

7 (a) A fireman qualifying for a minimum annuity who retires
8 from service after September 1, 1959 shall, upon either the
9 first of the month following the first anniversary of his date
10 of retirement if he is age 60 (age 55 if born before January 1,
11 1955) or over on that anniversary date, or upon the first of
12 the month following his attainment of age 60 (age 55 if born
13 before January 1, 1955) if that occurs after the first
14 anniversary of his retirement date, have his then fixed and
15 payable monthly annuity increased by 1 1/2%, and such first
16 fixed annuity as granted at retirement increased by an
17 additional 1 1/2% in January of each year thereafter up to a
18 maximum increase of 30%. Beginning July 1, 1982 for firemen
19 born before January 1, 1930, and beginning January 1, 1990 for
20 firemen born after December 31, 1929 and before January 1,
21 1940, and beginning January 1, 1996 for firemen born after
22 December 31, 1939 but before January 1, 1945, and beginning
23 January 1, 2004, for firemen born after December 31, 1944 but
24 before January 1, 1955, such increases shall be 3% and such
25 firemen shall not be subject to the 30% maximum increase.

1 Any fireman born before January 1, 1945 who qualifies for a
2 minimum annuity and retires after September 1, 1967 but has not
3 received the initial increase under this subsection before
4 January 1, 1996 is entitled to receive the initial increase
5 under this subsection on (1) January 1, 1996, (2) the first
6 anniversary of the date of retirement, or (3) attainment of age
7 55, whichever occurs last. The changes to this Section made by
8 this amendatory Act of 1995 apply beginning January 1, 1996 and
9 apply without regard to whether the fireman or annuitant
10 terminated service before the effective date of this amendatory
11 Act of 1995.

12 Any fireman born before January 1, 1955 who qualifies for a
13 minimum annuity and retires after September 1, 1967 but has not
14 received the initial increase under this subsection before
15 January 1, 2004 is entitled to receive the initial increase
16 under this subsection on (1) January 1, 2004, (2) the first
17 anniversary of the date of retirement, or (3) attainment of age
18 55, whichever occurs last. The changes to this Section made by
19 this amendatory Act of the 93rd General Assembly apply without
20 regard to whether the fireman or annuitant terminated service
21 before the effective date of this amendatory Act.

22 (b) Subsection (a) of this Section is not applicable to an
23 employee receiving a term annuity.

24 (c) To help defray the cost of such increases in annuity,
25 there shall be deducted, beginning September 1, 1959, from each
26 payment of salary to a fireman, 1/8 of 1% of each such salary

1 payment and an additional 1/8 of 1% beginning on September 1,
2 1961, and September 1, 1963, respectively, concurrently with
3 and in addition to the salary deductions otherwise made for
4 annuity purposes.

5 Each such additional 1/8 of 1% deduction from salary which
6 shall, on September 1, 1963, result in a total increase of 3/8
7 of 1% of salary, shall be credited to the Automatic Increase
8 Reserve, to be used, together with city contributions as
9 provided in this Article, to defray the cost of the 1 1/2%
10 annuity increments herein specified. Any balance in such
11 reserve as of the beginning of each calendar year shall be
12 credited with interest at the rate of 3% per annum.

13 The salary deductions provided in this Section are not
14 subject to refund, except to the fireman himself, in any case
15 in which a fireman withdraws prior to qualification for minimum
16 annuity and applies for refund, or applies for annuity, and
17 also where a term annuity becomes payable. In such cases, the
18 total of such salary deductions shall be refunded to the
19 fireman, without interest, and charged to the aforementioned
20 reserve.

21 (d) Notwithstanding any other provision of this Article,
22 the monthly annuity of a person who first becomes a fireman
23 under this Article on or after January 1, 2011 shall be
24 increased on the January 1 occurring either on or after the
25 attainment of age 60 or the first anniversary of the annuity
26 start date, whichever is later. Each annual increase shall be

1 calculated at 3% or one-half the annual unadjusted percentage
2 increase (but not less than zero) in the consumer price index-u
3 for the 12 months ending with the September preceding each
4 November 1, whichever is less, of the originally granted
5 retirement annuity. If the annual unadjusted percentage change
6 in the consumer price index-u for a 12-month period ending in
7 September is zero or, when compared with the preceding period,
8 decreases, then the annuity shall not be increased.

9 For the purposes of this subsection (d), "consumer price
10 index-u" means the index published by the Bureau of Labor
11 Statistics of the United States Department of Labor that
12 measures the average change in prices of goods and services
13 purchased by all urban consumers, United States city average,
14 all items, 1982-84 = 100. The new amount resulting from each
15 annual adjustment shall be determined by the Public Pension
16 Division of the Department of Insurance and made available to
17 the boards of the pension funds.

18 (Source: P.A. 93-654, eff. 1-16-04.)

19 (40 ILCS 5/6-165) (from Ch. 108 1/2, par. 6-165)

20 Sec. 6-165. Financing; tax.

21 (a) Except as expressly provided in this Section, each city
22 shall levy a tax annually upon all taxable property therein for
23 the purpose of providing revenue for the fund. For the years
24 prior to the year 1960, the tax rate shall be as provided for
25 in the "Firemen's Annuity and Benefit Fund of the Illinois

1 Municipal Code". The tax, from and after January 1, 1968 to and
2 including the year 1971, shall not exceed .0863% of the value,
3 as equalized or assessed by the Department of Revenue, of all
4 taxable property in the city. Beginning with the year 1972 and
5 through 2014, ~~each year thereafter~~ the city shall levy a tax
6 annually at a rate on the dollar of the value, as equalized or
7 assessed by the Department of Revenue of all taxable property
8 within such city that will produce, when extended, not to
9 exceed an amount equal to the total amount of contributions by
10 the employees to the fund made in the calendar year 2 years
11 prior to the year for which the annual applicable tax is
12 levied, multiplied by 2.23 through the calendar year 1981, and
13 by 2.26 for the year 1982 and for each year through 2014
14 ~~thereafter~~. Beginning in 2015, the city council shall levy a
15 tax annually at a rate on the dollar of the assessed valuation
16 of all taxable property that will produce when extended an
17 annual amount that is equal to (1) the normal cost to the Fund,
18 plus (2) an annual amount sufficient to bring the total assets
19 of the Fund up to 90% of the total actuarial liabilities of the
20 Fund by the end of fiscal year 2040, as annually updated and
21 determined by an enrolled actuary employed by the Illinois
22 Department of Insurance or by an enrolled actuary retained by
23 the Fund or the city. In making these determinations, the
24 required minimum employer contribution shall be calculated
25 each year as a level percentage of payroll over the years
26 remaining up to and including fiscal year 2040 and shall be

1 determined under the projected unit credit actuarial cost
2 method.

3 To provide revenue for the ordinary death benefit
4 established by Section 6-150 of this Article, in addition to
5 the contributions by the firemen for this purpose, the city
6 council shall for the year 1962 and each year thereafter
7 annually levy a tax, which shall be in addition to and
8 exclusive of the taxes authorized to be levied under the
9 foregoing provisions of this Section, upon all taxable property
10 in the city, as equalized or assessed by the Department of
11 Revenue, at such rate per cent of the value of such property as
12 shall be sufficient to produce for each year the sum of
13 \$142,000.

14 The amounts produced by the taxes levied annually, together
15 with the deposit expressly authorized in this Section, shall be
16 sufficient, when added to the amounts deducted from the
17 salaries of firemen and applied to the fund, to provide for the
18 purposes of the fund.

19 (a-5) For purposes of determining the required employer
20 contribution to the Fund, the value of the Fund's assets shall
21 be equal to the actuarial value of the Fund's assets, which
22 shall be calculated as follows:

23 (1) On March 30, 2011, the actuarial value of the
24 Fund's assets shall be equal to the market value of the
25 assets as of that date.

26 (2) In determining the actuarial value of the Fund's

1 assets for fiscal years after March 30, 2011, any actuarial
2 gains or losses from investment return incurred in a fiscal
3 year shall be recognized in equal annual amounts over the
4 5-year period following that fiscal year.

5 (a-7) If the city fails to transmit to the Fund
6 contributions required of it under this Article for more than
7 90 days after the payment of those contributions is due, the
8 Fund may, after giving notice to the city, certify to the State
9 Comptroller the amounts of the delinquent payments, and the
10 Comptroller must, beginning in fiscal year 2016, deduct and
11 deposit into the Fund the certified amounts or a portion of
12 those amounts from the following proportions of grants of State
13 funds to the city:

14 (1) in fiscal year 2016, one-third of the total amount
15 of any grants of State funds to the city;

16 (2) in fiscal year 2017, two-thirds of the total amount
17 of any grants of State funds to the city; and

18 (3) in fiscal year 2018 and each fiscal year
19 thereafter, the total amount of any grants of State funds
20 to the city.

21 The State Comptroller may not deduct from any grants of
22 State funds to the city more than the amount of delinquent
23 payments certified to the State Comptroller by the Fund.

24 (b) The taxes shall be levied and collected in like manner
25 with the general taxes of the city, and shall be in addition to
26 all other taxes which the city may levy upon all taxable

1 property therein and shall be exclusive of and in addition to
2 the amount of tax the city may levy for general purposes under
3 Section 8-3-1 of the Illinois Municipal Code, approved May 29,
4 1961, as amended, or under any other law or laws which may
5 limit the amount of tax which the city may levy for general
6 purposes.

7 (c) The amounts of the taxes to be levied in each year
8 shall be certified to the city council by the board.

9 (d) As soon as any revenue derived from such taxes is
10 collected, it shall be paid to the city treasurer and held for
11 the benefit of the fund, and all such revenue shall be paid
12 into the fund in accordance with the provisions of this
13 Article.

14 (e) If the funds available are insufficient during any year
15 to meet the requirements of this Article, the city may issue
16 tax anticipation warrants, against the tax levies herein
17 authorized for the current fiscal year.

18 (f) The various sums, hereinafter stated, including
19 interest, to be contributed by the city, shall be taken from
20 the revenue derived from the taxes or otherwise as expressly
21 provided in this Section. Except for defraying the cost of
22 administration of the fund during the calendar year in which a
23 city first attains a population of 500,000 and comes under the
24 provisions of this Article and the first calendar year
25 thereafter, any money of the city derived from any source other
26 than these taxes or the sale of tax anticipation warrants shall

1 not be used to provide revenue for the fund, nor to pay any
2 part of the cost of administration thereof, unless applied to
3 make the deposit expressly authorized in this Section or the
4 additional city contributions required under subsection (h).

5 (g) In lieu of levying all or a portion of the tax required
6 under this Section in any year, the city may deposit with the
7 city treasurer no later than March 1 of that year for the
8 benefit of the fund, to be held in accordance with this
9 Article, an amount that, together with the taxes levied under
10 this Section for that year, is not less than the amount of the
11 city contributions for that year as certified by the board to
12 the city council. The deposit may be derived from any source
13 legally available for that purpose, including, but not limited
14 to, the proceeds of city borrowings. The making of a deposit
15 shall satisfy fully the requirements of this Section for that
16 year to the extent of the amounts so deposited. Amounts
17 deposited under this subsection may be used by the fund for any
18 of the purposes for which the proceeds of the taxes levied
19 under this Section may be used, including the payment of any
20 amount that is otherwise required by this Article to be paid
21 from the proceeds of those taxes.

22 (h) In addition to the contributions required under the
23 other provisions of this Article, by November 1 of the
24 following specified years, the city shall deposit with the city
25 treasurer for the benefit of the fund, to be held and used in
26 accordance with this Article, the following specified amounts:

1 \$6,300,000 in 1999; \$5,880,000 in 2000; \$5,460,000 in 2001;
2 \$5,040,000 in 2002; and \$4,620,000 in 2003.

3 The additional city contributions required under this
4 subsection are intended to decrease the unfunded liability of
5 the fund and shall not decrease the amount of the city
6 contributions required under the other provisions of this
7 Article. The additional city contributions made under this
8 subsection may be used by the fund for any of its lawful
9 purposes.

10 (Source: P.A. 93-654, eff. 1-16-04.)

11 (40 ILCS 5/6-229 new)

12 Sec. 6-229. Provisions applicable to new hires.

13 (a) Notwithstanding any other provision of this Article,
14 the provisions of this Section apply to a person who first
15 becomes a fireman under this Article on or after January 1,
16 2011.

17 (b) A fireman age 55 or more who has 10 or more years of
18 service in that capacity shall be entitled at his option to
19 receive a monthly retirement annuity for his service as a
20 fireman computed by multiplying 2.5% for each year of such
21 service by his or her final average salary.

22 The retirement annuity of a fireman who is retiring after
23 attaining age 50 with 10 or more years of creditable service
24 shall be reduced by one-half of 1% for each month that the
25 fireman's age is under age 55.

1 The maximum retirement annuity under this subsection (b)
2 shall be 75% of final average salary.

3 For the purposes of this subsection (b), "final average
4 salary" means the average monthly salary obtained by dividing
5 the total salary of the fireman during the 96 consecutive
6 months of service within the last 120 months of service in
7 which the total salary was the highest by the number of months
8 of service in that period.

9 Beginning on January 1, 2011, for all purposes under this
10 Code (including without limitation the calculation of benefits
11 and employee contributions), the annual salary based on the
12 plan year of a member or participant to whom this Section
13 applies shall not exceed \$106,800; however, that amount shall
14 annually thereafter be increased by the lesser of (i) 3% of
15 that amount, including all previous adjustments, or (ii)
16 one-half the annual unadjusted percentage increase (but not
17 less than zero) in the consumer price index-u for the 12 months
18 ending with the September preceding each November 1, including
19 all previous adjustments.

20 (c) Notwithstanding any other provision of this Article,
21 for a person who first becomes a fireman under this Article on
22 or after January 1, 2011, the annuity to which the surviving
23 spouse, children, or parents are entitled under this subsection
24 (c) shall be in the amount of 66 2/3% of the fireman's earned
25 pension at the date of death.

26 Notwithstanding any other provision of this Article, the

1 monthly annuity of a survivor of a person who first becomes a
2 fireman under this Article on or after January 1, 2011 shall be
3 increased on the January 1 after attainment of age 60 by the
4 recipient of the survivor's pension and each January 1
5 thereafter by 3% or one-half the annual unadjusted percentage
6 increase in the consumer price index-u for the 12 months ending
7 with September preceding each November 1, whichever is less, of
8 the originally granted survivor's annuity. If the annual
9 unadjusted percentage change in the consumer price index-u for
10 a 12-month period ending in September is zero or, when compared
11 with the preceding period, decreases, then the annuity shall
12 not be increased.

13 (40 ILCS 5/7-142.1) (from Ch. 108 1/2, par. 7-142.1)

14 Sec. 7-142.1. Sheriff's law enforcement employees.

15 (a) In lieu of the retirement annuity provided by
16 subparagraph 1 of paragraph (a) of Section 7-142:

17 Any sheriff's law enforcement employee who has 20 or more
18 years of service in that capacity and who terminates service
19 prior to January 1, 1988 shall be entitled at his option to
20 receive a monthly retirement annuity for his service as a
21 sheriff's law enforcement employee computed by multiplying 2%
22 for each year of such service up to 10 years, 2 1/4% for each
23 year of such service above 10 years and up to 20 years, and 2
24 1/2% for each year of such service above 20 years, by his
25 annual final rate of earnings and dividing by 12.

1 Any sheriff's law enforcement employee who has 20 or more
2 years of service in that capacity and who terminates service on
3 or after January 1, 1988 and before July 1, 2004 shall be
4 entitled at his option to receive a monthly retirement annuity
5 for his service as a sheriff's law enforcement employee
6 computed by multiplying 2.5% for each year of such service up
7 to 20 years, 2% for each year of such service above 20 years
8 and up to 30 years, and 1% for each year of such service above
9 30 years, by his annual final rate of earnings and dividing by
10 12.

11 Any sheriff's law enforcement employee who has 20 or more
12 years of service in that capacity and who terminates service on
13 or after July 1, 2004 shall be entitled at his or her option to
14 receive a monthly retirement annuity for service as a sheriff's
15 law enforcement employee computed by multiplying 2.5% for each
16 year of such service by his annual final rate of earnings and
17 dividing by 12.

18 If a sheriff's law enforcement employee has service in any
19 other capacity, his retirement annuity for service as a
20 sheriff's law enforcement employee may be computed under this
21 Section and the retirement annuity for his other service under
22 Section 7-142.

23 In no case shall the total monthly retirement annuity for
24 persons who retire before July 1, 2004 exceed 75% of the
25 monthly final rate of earnings. In no case shall the total
26 monthly retirement annuity for persons who retire on or after

1 July 1, 2004 exceed 80% of the monthly final rate of earnings.

2 (b) Whenever continued group insurance coverage is elected
3 in accordance with the provisions of Section 367h of the
4 Illinois Insurance Code, as now or hereafter amended, the total
5 monthly premium for such continued group insurance coverage or
6 such portion thereof as is not paid by the municipality shall,
7 upon request of the person electing such continued group
8 insurance coverage, be deducted from any monthly pension
9 benefit otherwise payable to such person pursuant to this
10 Section, to be remitted by the Fund to the insurance company or
11 other entity providing the group insurance coverage.

12 (c) A sheriff's law enforcement employee who has service in
13 any other capacity may convert up to 10 years of that service
14 into service as a sheriff's law enforcement employee by paying
15 to the Fund an amount equal to (1) the additional employee
16 contribution required under Section 7-173.1, plus (2) the
17 additional employer contribution required under Section 7-172,
18 plus (3) interest on items (1) and (2) at the prescribed rate
19 from the date of the service to the date of payment.

20 (d) The changes to subsections (a) and (b) of this Section
21 made by this amendatory Act of the 94th General Assembly apply
22 only to persons in service on or after July 1, 2004. In the
23 case of such a person who begins to receive a retirement
24 annuity before the effective date of this amendatory Act of the
25 94th General Assembly, the annuity shall be recalculated
26 prospectively to reflect those changes, with the resulting

1 increase beginning to accrue on the first annuity payment date
2 following the effective date of this amendatory Act.

3 (e) Any elected county officer who was entitled to receive
4 a stipend from the State on or after July 1, 2009 and on or
5 before June 30, 2010 may establish earnings credit for the
6 amount of stipend not received, if the elected county official
7 applies in writing to the fund within 6 months after the
8 effective date of this amendatory Act of the 96th General
9 Assembly and pays to the fund an amount equal to (i) employee
10 contributions on the amount of stipend not received, (ii)
11 employer contributions determined by the Board equal to the
12 employer's normal cost of the benefit on the amount of stipend
13 not received, plus (iii) interest on items (i) and (ii) at the
14 actuarially assumed rate.

15 (f) Notwithstanding any other provision of this Article,
16 the provisions of this subsection (f) apply to a person who
17 first becomes a sheriff's law enforcement employee under this
18 Article on or after January 1, 2011.

19 A sheriff's law enforcement employee age 55 or more who has
20 10 or more years of service in that capacity shall be entitled
21 at his option to receive a monthly retirement annuity for his
22 or her service as a sheriff's law enforcement employee computed
23 by multiplying 2.5% for each year of such service by his or her
24 final rate of earnings.

25 The retirement annuity of a sheriff's law enforcement
26 employee who is retiring after attaining age 50 with 10 or more

1 years of creditable service shall be reduced by one-half of 1%
2 for each month that the sheriff's law enforcement employee's
3 age is under age 55.

4 The maximum retirement annuity under this subsection (f)
5 shall be 75% of final rate of earnings.

6 For the purposes of this subsection (f), "final rate of
7 earnings" means the average monthly earnings obtained by
8 dividing the total salary of the sheriff's law enforcement
9 employee during the 96 consecutive months of service within the
10 last 120 months of service in which the total earnings was the
11 highest by the number of months of service in that period.

12 Notwithstanding any other provision of this Article,
13 beginning on January 1, 2011, for all purposes under this Code
14 (including without limitation the calculation of benefits and
15 employee contributions), the annual earnings of a sheriff's law
16 enforcement employee to whom this Section applies shall not
17 include overtime and shall not exceed \$106,800; however, that
18 amount shall annually thereafter be increased by the lesser of
19 (i) 3% of that amount, including all previous adjustments, or
20 (ii) one-half the annual unadjusted percentage increase (but
21 not less than zero) in the consumer price index-u for the 12
22 months ending with the September preceding each November 1,
23 including all previous adjustments.

24 (g) Notwithstanding any other provision of this Article,
25 the monthly annuity of a person who first becomes a sheriff's
26 law enforcement employee under this Article on or after January

1 1, 2011 shall be increased on the January 1 occurring either on
2 or after the attainment of age 60 or the first anniversary of
3 the annuity start date, whichever is later. Each annual
4 increase shall be calculated at 3% or one-half the annual
5 unadjusted percentage increase (but not less than zero) in the
6 consumer price index-u for the 12 months ending with the
7 September preceding each November 1, whichever is less, of the
8 originally granted retirement annuity. If the annual
9 unadjusted percentage change in the consumer price index-u for
10 a 12-month period ending in September is zero or, when compared
11 with the preceding period, decreases, then the annuity shall
12 not be increased.

13 (h) Notwithstanding any other provision of this Article,
14 for a person who first becomes a sheriff's law enforcement
15 employee under this Article on or after January 1, 2011, the
16 annuity to which the surviving spouse, children, or parents are
17 entitled under this subsection (h) shall be in the amount of 66
18 2/3% of the sheriff's law enforcement employee's earned annuity
19 at the date of death.

20 (i) Notwithstanding any other provision of this Article,
21 the monthly annuity of a survivor of a person who first becomes
22 a sheriff's law enforcement employee under this Article on or
23 after January 1, 2011 shall be increased on the January 1 after
24 attainment of age 60 by the recipient of the survivor's annuity
25 and each January 1 thereafter by 3% or one-half the annual
26 unadjusted percentage increase in the consumer price index-u

1 for the 12 months ending with the September preceding each
2 November 1, whichever is less, of the originally granted
3 pension. If the annual unadjusted percentage change in the
4 consumer price index-u for a 12-month period ending in
5 September is zero or, when compared with the preceding period,
6 decreases, then the annuity shall not be increased.

7 (j) For the purposes of this Section, "consumer price
8 index-u" means the index published by the Bureau of Labor
9 Statistics of the United States Department of Labor that
10 measures the average change in prices of goods and services
11 purchased by all urban consumers, United States city average,
12 all items, 1982-84 = 100. The new amount resulting from each
13 annual adjustment shall be determined by the Public Pension
14 Division of the Department of Insurance and made available to
15 the boards of the pension funds.

16 (Source: P.A. 96-961, eff. 7-2-10.)

17 Section 99. Effective date. This Act takes effect January
18 1, 2011.